CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時 富 投 資 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The unaudited consolidated results of Celestial Asia Securities Holdings Limited ("Company" or "CASH") and its subsidiaries ("Group") for the six months ended 30 June 2021, together with the comparative figures for the last corresponding period, are as follows:

		Unaudited	
		Six months ended 30 June	
		2021	2020
	Notes	**HK$'000**	HK$'000
Revenue	(3)	**670,923**	646,611
Cost of inventories		**(379,241)**	(356,120)
Other income		**3,088**	3,575
Other gains and losses		**707**	798
Salaries, allowances and related benefits		**(92,807)**	(89,982)
Other operating, administrative and selling expenses		**(117,185)**	(96,574)
Depreciation of property and equipment		**(9,719)**	(10,842)
Depreciation of right-of-use assets		**(74,682)**	(77,904)
Finance costs		**(11,696)**	(13,548)
(Loss) profit before loss arising from associates and taxation		**(10,612)**	6,014
Share of loss of associates		**(6,757)**	(9,464)
Reversal of impairment loss on interests in an associate		**7,087**	-
Loss before taxation		**(10,282)**	(3,450)
Income tax expense	(5)	**(25)**	(339)
Loss for the period		**(10,307)**	(3,789)

	Note	Unaudited Six months ended 30 June **2021** **HK$'000**	 2020 HK$'000
Other comprehensive income (expense) for the period, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**129**	78
Total other comprehensive income for the period		**129**	78
Total comprehensive expense for the period		**(10,178)**	(3,711)
(Loss) profit for the period attributable to:			
Owners of the Company		**(10,443)**	(4,410)
Non-controlling interests		**136**	621
		(10,307)	(3,789)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(10,314)**	(4,332)
Non-controlling interests		**136**	621
		(10,178)	(3,711)
			(Restated)
Loss per share	(6)		
- Basic (HK cents)		**(12.9)**	(10.6)
- Diluted (HK cents)		**(12.9)**	(10.6)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2021 (Unaudited) HK$'000**	31 December 2020 (Audited) HK$'000
Non-current assets			
Property and equipment		**33,696**	40,090
Right-of-use assets		**265,394**	261,604
Goodwill		**39,443**	39,443
Intangible assets		**43,460**	43,460
Interests in associates		**205,346**	196,055
Rental and utilities deposits		**43,745**	34,853
Deferred tax assets		**5,450**	5,450
		636,534	620,955
Current assets			
Inventories – finished goods held for sale		**70,233**	74,341
Accounts and other receivables	(7)	**172,891**	179,126
Loans receivable		**1,650**	1,800
Tax recoverable		**-**	3
Financial assets at fair value through profit or loss ("FVTPL")		**4,940**	11,495
Pledged bank deposits		**55,478**	74,197
Bank balances (general accounts) and cash		**100,228**	141,246
		405,420	482,208
Current liabilities			
Accounts payable	(8)	**187,784**	236,534
Financial liabilities arising from consolidated investment funds		**-**	29,918
Accrued liabilities and other payables		**99,823**	82,279
Contract liabilities		**-**	20,112
Amount due to an associate		**-**	1,341
Taxation payable		**27,798**	18,723
Lease liabilities		**159,809**	136,009
Borrowings		**185,719**	162,349
		660,933	687,265
Net current liabilities		**(255,513)**	(205,057)
Total assets less current liabilities		**381,021**	415,898

	Note	**30 June 2021 (Unaudited) HK$'000**	31 December 2020 (Audited) HK$'000
Capital and reserves			
Share capital	(10)	**16,144**	16,144
Reserves		**250,226**	280,720
Equity attributable to owners of the Company		**266,370**	296,864
Non-controlling interests		**(37,593)**	(37,729)
Total equity		**228,777**	259,135
Non-current liabilities			
Deferred tax liabilities		**7,757**	6,825
Lease liabilities		**129,310**	149,938
Borrowings – amount due after one year		**15,177**	-
		152,244	156,763
		381,021	415,898

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited
Six months ended 30 June 2021

	Attributable to owners of the Company										
	Share capital HK$'000	**Share premium HK$'000**	**Contributed surplus HK$'000**	**General reserve HK$'000**	**Other reserve HK$'000**	**Translation reserve HK$'000**	**Revaluation reserve HK$'000**	**Accumulated losses HK$'000**	**Total HK$'000**	**Non-controlling Interests HK$'000**	**Total HK$'000**
At 1 January 2021	**16,144**	**629,127**	**88,926**	**1,160**	**64,097**	**19,031**	**6,242**	**(527,863)**	**296,864**	**(37,729)**	**259,135**
Amount transferred from share premium to contributed surplus	-	(550,000)	550,000	-	-	-	-	-	-	-	-
Amount transferred set off accumulates loss	-	-	(550,000)	-	-	-	-	550,000	-	-	-
Dividends paid	-	-	-	-	-	-	-	(20,180)	(20,180)	-	(20,180)
(Loss) profit for the period	-	-	-	-	-	-	-	(10,443)	(10,443)	136	(10,307)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	129	-	-	129	-	129
Total comprehensive (expense) income for the period	-	(550,000)	-	-	-	129	-	519,377	(30,494)	136	(30,358)
At 30 June 2021	**16,144**	**79,127**	**88,926**	**1,160**	**64,097**	**19,160**	**6,242**	**(8,486)**	**266,370**	**(37,593)**	**228,777**

Unaudited
Six months ended 30 June 2020

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	General reserve HK$'000	Other reserve HK$'000	Translation reserve HK$'000	Revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling Interests HK$'000	Total HK$'000
At 1 January 2020	8,312	591,437	88,926	1,160	59,714	11,941	11,164	(573,416)	199,238	(28,730)	170,508
Acquisition of addition interest on a non-wholly owned subsidiary (Note)	-	-	-	-	531	-	-	-	531	(531)	-
(Loss) profit for the period	-	-	-	-	-	-	-	(4,410)	(4,410)	621	(3,789)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	78	-	-	78	-	78
Total comprehensive income (expense) for the period	-	-	-	-	531	78	-	(4,410)	(3,801)	90	(3,711)
At 30 June 2020	8,312	591,437	88,926	1,160	60,245	12,019	11,164	(577,826)	195,437	(28,640)	166,797

Note: In June 2020, Celestial Investment Group Limited (a wholly-owned subsidiary of the Company) has acquired 31,122,140,412 shares at a consideration of HK$0.021 per share of CASH Retail Management (HK) Limited, and the shareholding interest increased from 91.09% to 99.01%.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June **2021** **HK$'000**	 2020 HK$'000
Net cash from operating activities	**76,053**	51,000
Net cash from investing activities	**11,240**	49,299
Net cash used in financing activities	**(128,311)**	(85,098)
Net (decrease) increase in cash and cash equivalents	**(41,018)**	15,201
Cash and cash equivalents at beginning of period	**141,246**	132,450
Cash and cash equivalents at end of period	**100,228**	147,651
Bank balances and cash	**100,228**	147,651

Notes:

(1) Basis of preparation

The unaudited consolidated results of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the unaudited consolidated accounts include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

Apart from (2) below, the accounting policies and judgements applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

(2) Application of new and amendments to HKFRSs

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

The directors of the Company consider that the adoption of these revised HKFRSs has had no material effect on the amounts reported and/or disclosures set out in the Group's unaudited consolidated financial statements.

(3) Revenue

Disaggregation of revenue from contracts with customers

	Unaudited Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
Types of goods or service		
Sales of furniture and household goods	**553,188**	537,944
Sales of electrical appliances	**77,481**	76,675
Sales of tailor-made furniture	**37,962**	29,145
Revenue from retailing segment	**668,631**	643,764
Management fee from asset management services	**2,292**	2,847
	670,923	646,611
Timing of revenue recognition		
A point of time	**593,861**	595,256
Over time	**77,062**	51,355
	670,923	646,611
Geographical market		
Hong Kong	**668,631**	643,764
The People's Republic of China ("PRC")	**2,292**	2,847
	670,923	646,611

(4) Business and geographical segments

Business segments

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's operating and reportable segments are as follows:

Retailing	Sales of furniture and household goods and electrical appliances
Asset Management	Provision of asset management services to the fund investors

Segment revenue and results

For the six months ended 30 June 2021

	Retailing HK$'000	**Asset Management HK$'000**	**Consolidated HK$'000**
Revenue	**668,631**	**2,292**	**670,923**
Segment profit (loss)	**636**	**(3,163)**	**(2,527)**
Unallocated other income, gain and losses			**707**
Corporate expenses			**(6,531)**
Share of loss of associates			**(6,757)**
Reversal of impairment loss on interests in an associate			**7,087**
Unallocated finance costs			**(2,261)**
Loss before taxation			**(10,282)**

For the six months ended 30 June 2020

	Retailing HK$'000	Asset Management HK$'000	Consolidated HK$'000
Revenue	643,764	2,847	646,611
Segment profit (loss)	13,772	(2,781)	10,991
Unallocated other income, gain and losses			(451)
Corporate expenses			(2,729)
Share of loss of associates			(9,464)
Unallocated finance costs			(1,797)
Loss before taxation			(3,450)

Segment result represents the profit earned/loss incurred by each segment without allocation of certain other income, gain and losses, corporate expenses, share of loss of associates, reversal of impairment loss on interests in an associate and certain finance costs. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

Geographical segments

The Group's operations are located in Hong Kong and the PRC. No analysis of the Group's revenue by geographical locations is disclosed because no significant portion of the revenue from external customers are derived outside Hong Kong.

(5) Income tax expense

	Unaudited Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
Income tax expense	**25**	339

Starting from the year ended 31 December 2018, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of People's Republic of China on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

(6) Loss per share

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2021 together with the comparative figures for the prior period are based on the following data:

	Unaudited Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share	**(10,443)**	(4,410)

	Unaudited Six months ended 30 June	
	2021	2020
	'000	'000
		(Restated)
Number of shares		
Weight average number of ordinary shares for the purpose of basic and diluted loss per share	**80,720**	41,561

(7) Accounts and other receivables

	30 June 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
Accounts receivable arising from retailing business	**29,194**	15,399
Receivables from securities brokers	**104,765**	116,619
Prepayments	**3,980**	10,497
Rental deposits	**21,487**	17,285
Other deposits	**12,227**	14,088
Other receivables	**1,238**	5,238
	172,891	179,126

The Group allows an average credit period of 30 days to its corporate customers on retailing business. The ageing analysis based on the invoice date, which is approximately the revenue recognition date, is as follows:

	30 June 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
0 - 30 days	**11,712**	12,061
31 - 60 days	**4,117**	3,053
61 - 90 days	**13,244**	112
Over 90 days	**121**	173
	29,194	15,399

In additional, included in the Group's account receivable arising from retail business are receivable from the Hong Kong government on its support to the Group's customers of approximately HK$28,200,000 as at 30 June 2021 and approximately HK$14,101,000 as at 31 December 2020 in respect if the "Assistance Programme to Improve the Living Environment of Low-income Subdivided Unit Households" under the Community Care Fund launched by the Hong Kong government. The consideration of the products sold to these qualified customers under the programme were than receivable from the Hong Kong government.

(8) Accounts payable

	30 June 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
Trade creditors arising from retailing business	**187,784**	236,534

Trade creditors arising from retailing business principally comprise amount outstanding for trade purpose and ongoing cost. The credit period taken for trade purchase ranges from 30 to 90 days.

The following is an ageing analysis (from invoice date) of trade creditors arising from retailing business at the end of the reporting period:

	30 June 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
0 - 30 days	**127,163**	127,240
31 - 60 days	**45**	73,550
61 - 90 days	**48,531**	28,683
Over 90 days	**12,045**	7,061
	187,784	236,534

(9) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt which includes the lease liabilities and borrowings, and equity attributable to owners of the Company, comprising share capital, reserves and accumulated losses as disclosed in consolidated statement of changes in equity. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the issue of new shares as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the period.

A subsidiary of the Group is regulated by the Hong Kong Securities and Futures Commission ("SFC") and is required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R"). The Group's regulated entity is subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management of the Group closely monitors, on a daily basis, the liquid capital level of this entity to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entity has complied with the capital requirements imposed by the SF(FR)R throughout both periods.

(10) Share capital

	Par value of each ordinary share	Number of shares	Amount
	HK$	’000	HK$’000
Ordinary shares			
Authorised:			
At 1 January 2021 and 30 June 2021	0.20	150,000	30,000
Issued and fully paid:			
At 1 January 2021 and 30 June 2021	0.20	80,720	16,144

(11) Related party transactions

The Group entered into the following transactions with related parties during the period:

	Unaudited Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
Interest expense paid to the following director of the Company		
Dr Kwan Pak Hoo Bankee and associates	-	278

DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2021 (2020: nil).

REVIEW AND OUTLOOK

Financial Review

Financial Performance

For the six months ended 30 June 2021, the Group recorded revenue of HK$670.9 million, representing an increase of 3.8% as compared with HK$646.6 million for the same corresponding period last year.

During the period under review, the Group has acquired additional interests in its associate CFSG from 35.5% to 37.5% and resulted in a gain on acquisition of additional interests and a reversal of impairment loss of interests in an associate of HK$7.7 million in total. Overall, the Group reported a net loss for the period of HK$10.3 million as compared to the net loss of HK$3.8 million for the same period last year.

Retail Management Business – PRICERITE GROUP

During the period under review, the economic conditions of Hong Kong had shown gradual improvement from prolonged and deep recession posed by the outbreak of COVID-19. Nevertheless, economic activities had not returned to the pre-pandemic level, and the social distancing measures continued to weigh on the consumption sentiment. Fortunately, benefited by the strong rebound of economic performance of China and US economies, the Hong Kong’s GDP had resulted in a year-on-year growth of 7.8% in the first half of the year, which ended the six consecutive quarters of contraction. The unemployment rate had come down from its highest point of 7.2% in February to 5.5% at the end of the period under review. Hong Kong's retail sales had shown a mild growth when compared with the corresponding period last year. The residential property market remained resilient even in a global economic crisis, and the transaction volume had shown some increase over the same period last year. Hong Kong’s economy had shown sight of recovery in first half of the year, however the retail industry was still adversely affected by the low consumption demand due to the prolonged pandemic and lack of cross-border visitors. To keep our leading position in the retailing business amid the rapidly changing and challenging environment, we had ride on the “stay-at-home” new normal, which more and more consumers were turning towards online shopping, by re-launching our mobile app which offered our customers with a smoother browsing experience together with faster response time for further streamlining their online and offline shopping experiences, we also had expanded our Pricerite Food’s product range during the period in response to increase of customers enjoying cooking and dining at home, moreover, the first pet furniture series had been introduced into Pricerite for rising numbers of pet-lovers. The expansion of the product categories not only captures more sales from our existing member base but also bringing in new customers to Pricerite. In order to gain broader online awareness, we had allocated more resources in marketing and promotion, especially focusing on social media marketing during the period, and comply with our rapid growth of online sales and enhancing our O2O model business model, we collaborated with various logistic partners, to review and revamp our logistic workflow to further improve our operation capabilities, ensuring our customers shopping experience were better fulfilled. Benefited by our proactive management approach as well as the solid demand in the residential property market, Pricerite Group had recorded 3.3% year-on-year growth in total revenue and a double in online revenue. On the costs side, because of the mild recovery of the economy, our landlords were more reluctant to provide rental concession to us, and government subsidies also ended last year which put pressure on our operating cost. Overall, Pricerite Group recorded revenue of HK$668.6 million and a net profit of HK$0.6 million for the six month ended 30 June 2021, as compared to revenue of HK$643.8 million and a net profit of HK$13.8 million for the same period last year.

Algo Trading Business – CAFG

For the six months ended 30 June 2021, we recorded a double-digit growth of our portfolio and we had continued to recruit clients to grow our AUM to drive the growth of our asset management business by riding the market trend of low interest rates. Despite the uncertain financial environment we faced during the period under review, our asset management business reported revenue of HK$2.3 million and recorded net loss of HK$3.2 million for the six months ended 30 June 2021.

CFSG – The Group's Associated Company

Financial Services Business - CFSG

For the six months ended 30 June 2021, CFSG recorded revenue of HK$55.8 million, representing an increase of 10.5% as compared with HK$50.5 million for the same corresponding period last year.

High uncertainty surrounded the global economic outlook, primarily related to the path of the COVID-19 pandemic. The contraction of economic activities in 2020 was unprecedented in living memory in its speed and synchronized nature. In 2021, the world economy was experiencing an exceptionally strong recovery, in part underpinned by steady vaccinations and eased lockdowns. This recovery reflected sharp rebounds in some major economies, most notably the United States, owing to substantial fiscal and monetary support. Other advanced economies follow suit and were expected to regain their economic drives. The worldwide securities markets had undergone a significant rebound as a result. However, future developments still depend on the path of the health crisis, including whether the new COVID-19 variants can be treated by vaccines or otherwise the pandemic will be prolonged. Further, due to the global economic recovery, commodity prices, especially oil prices, had had a burst during the period, driving up the global inflation. Fears of inflation induced a boost in US interest rates, which then slashed the global securities market. Even though the US Federal Reserve had come to a conclusion that the inflation had peaked and will gradually fade in coming months, uncertainties still surrounded the investors' sentiment. The future economic outlook lied with the policy makers to beat down the pandemic, maintain accommodative monetary and fiscal policy and monitor any financial stability risks. Hong Kong's securities market fared well in first half of 2021 due to the lifted restrictions across the city and the economic recovery. The Hang Seng Index climbed from 27,231 at the end of 2020 to 31,085 in February 2021 and retreated to 28,827 at the end of June 2021. However, the volatility of the securities and commodities markets as a consequence of the ups and downs of the global economy had caused our retail clients to conduct less trading. As a result, our brokerage commission income decreased by 11.3% compared with the same period last year. Further, the volatility of the market had provoked our clients' desire to have preservation on their assets. The favorable product investment yields and the protection offered to the assets had created client interests in wealth management products and services, which therefore brought us an increase in revenue of our wealth management business, notwithstanding the cross-border lockdowns between Mainland and Hong Kong. In response to the changing client interests and hence revenue dynamics, CFSG has been transforming into a fully-fledged Wealth Management Advisory company, providing one-stop wealth management services to clients in Hong Kong and Mainland China. During the period, CFSG had continuously contained operating costs with its cost rationalisation programme, such as streamlining workforce and reviewing organisation structures.

Overall, CFSG recorded a net loss of HK$19.0 million for the six months ended 30 June 2021 as compared to a net loss of HK$28.1 million in the same period last year. As part of our response to the pandemic, we have followed business continuity processes from CFSG's board-endorsed COVID-19 Business Continuity Plan. The Business Continuity Plan places the perseverance of our staff's health and wellbeing at the highest priority by implementing work from home arrangements for non-essential and vulnerable employees. Due to the effective mitigation efforts from the COVID-19 Business Continuity Plan, COVID-19 had limited impact on our financial results.

Liquidity and Financial Resources

The Group's equity attributable to owners of the Company amounted to HK$266.4 million as at 30 June 2021 as compared to HK$296.9 million at the end of last year. The decrease in the equity was mainly due to the dividend paid and the net loss reported for the period under review.

As at 30 June 2021, the Group had total outstanding borrowings of approximately HK$200.9 million as compared to HK$162.3 million as at 31 December 2020. The increase in borrowings was mainly due to cash outflow from operating activities. The borrowings were mostly denominated in Hong Kong dollars comprising unsecured loans of approximately of HK$106.1 million and secured loans of approximately of HK$94.8 million. The above bank loans of approximately HK$94.8 million were secured by the Group's pledged deposits of HK$55.5 million and corporate guarantees.

As at 30 June 2021, our cash and bank balances totalled HK$155.7 million as compared to HK$215.4 million at the end of the previous year. The decrease in cash and bank balances was mainly due to the dividend paid, the acquisition of additional interests in an associate, cash outflow from operation activities and loss reported for the period. The Group derives its revenue mainly in Hong Kong dollars and maintains its cash and bank balances mainly in Hong Kong dollars.

The liquidity ratio as at 30 June 2021 at 0.67 times, as compared to 0.70 times as at 31 December 2020. The decrease in the liquidity ratio was mainly because current lease liabilities were increased due to short-term lease renewal approach for the period under review.

The gearing ratio, which represents the ratio of interest bearing borrowings excluding lease liabilities of the Group divided by the total equity, was 87.8% as at 30 June 2021 as compared to 62.7% as at 31 December 2020. The increase in the gearing ratio was mainly due to the increase in interest bearing borrowings for the period under review. On the other hand, we have no material contingent liabilities at the period-end.

The Group's treasury policies are to secure healthy liquidity for running its operations smoothly and to maintain a sound financial position at all time throughout the period. Besides meeting its working capital requirements, cash balances and bank borrowings are maintained at healthy levels to meet its customers' investments needs while making sure all relevant financial regulations have been duly complied.

Foreign Exchange Risks

At the end of the period, the Group did not have any material un-hedged foreign exchange exposure or interest rate mismatches.

Material Acquisitions and Disposals

On 31 December 2020, Celestial Investment Group Limited ("CIGL", a wholly-owned subsidiary of the Company) proposed to acquire additional shareholding interests in CFSG from vendors upon exercise of their options in CFSG at a price of HK$0.75 per CFSG share. The acquisitions triggered a conditional mandatory cash offers for shares in CFSG upon completion and the acquisitions were approved by the independent shareholders at a special general meeting of the Company held on 14 May 2021. The cash offers were subsequently closed on 23 June 2021. The shareholding interest of the Company in CFSG was increased from 86,140,854 CFSG shares (approximately 35.5% of issued share capital of CFSG) to 97,960,854 CFSG shares (approximately 37.5% of issued share capital of CFSG) upon the close of the cash offers. Details of the transaction were disclosed in the joint announcement dated 31 December 2020 and the subsequent announcements of the Company and CFSG during the period from 12 January 2021 to 23 June 2021, the circular of the Company dated 23 April 2021 and the composite offer document of CFSG dated 2 June 2021.

Save as aforesaid, the Group did not make any material acquisition and disposal during the period.

Save as disclosed in this announcement, there is no important event affecting the Group which has occurred since the end of the financial period.

Capital Commitments

The Group did not have any material outstanding capital commitment at the end of the period.

Material Investments

As at 30 June 2021, the market values of financial assets at FVTPL amounted to approximately HK$4.9 million. A net gain on financial assets at FVTPL of HK$99,000 was recorded for the period.

We did not have any future plans for material investments, or addition of capital assets.

Financial and Operational Highlights

Revenue

	Unaudited Six months ended 30 June		
(HK$'m)	**2021**	2020	% change
Retailing	**668.6**	643.8	3.9%
Asset Management	**2.3**	2.8	(17.9%)
Group total	**670.9**	646.6	3.8%

Key Financial Metrics

	Unaudited Six months ended 30 June		
	2021	2020	% change
The Group			
Net loss attributable to shareholders (HK$'m)	**(10.4)**	(4.4)	(136.4%)
Loss per share (HK cents) (restated)	**(12.9)**	(10.6)	(21.7%)
Total assets (HK$'m)	**1,042.0**	1,095.3	(4.9%)
Cash on hand (HK$'m)	**155.7**	222.5	(30.0%)
Borrowings (HK$'m)	**200.9**	201.6	(0.3%)
Retailing			
Revenue per sq. ft. (HK$)	**361**	354	(2.0%)
Growth for same stores (vs last year)	**3.2%**	(10.3%)	N/A
Inventory turnover days	**56.1**	47.4	18.4%

MANAGEMENT DISCUSSION AND ANALYSIS

Retail Management Business – PRICERITE GROUP

Industry Review

Hong Kong's economy rebounded by 7.8% in the first half of 2021, largely supported by international trade and fixed capital investment. However, spending on private consumption increased only marginally by 2.1% in the first quarter and 6.5% in the second.

Rising unemployment to 7.2% in the December 2020–February 2021 period dampened stagnant consumer appetite, as wary customers waited for the disbursement of government consumption vouchers.

While local retail sales finally reversed a 24-month downward trend during the period, value of retail sales continued to fall well short of pre-pandemic or even social unrest levels – recording less than 60% of the 2018 year-end level.

Sales increases also substantially narrowed from 30% in February, due to a comparatively low base from 2020, to only 5.8% in June, with leading categories in large ticket-size items including motor vehicles (22.8%), jewellery & watches (33.7%), and clothing & footwear (23.8%).

Due to restrictions from the persisting pandemic and emergence of more contagious variants, completion of private residential units during the period also slumped by almost 30%, with only around 9,000 new units recorded.

Business Review

To manage the uncertain market situation, Pricerite Group proactively managed costs and remained vigilant on expenses. At the same time we determinedly increased our product offerings, and were active in marketing and promotions – with a particular focus on social media, and collaborating with various partners to enhance our reach and efficiency to customers.

Pricerite Home (PHL)

We focused on expanding our product offerings in four key areas during the period, namely "Home Hygiene and Antiseptic", "Home Cooking and Dining", "Home Organising" and "Work from Home". Total SKUs increased by 11% in the first six months of the year.

To introduce more value-for-money quality products for our customers, we introduced several quality international brands, such as Balzano and Lusso. We also developed new products, expanding our existing offerings to cater for Hong Kong's limited spaces, such as the updated Space Cube 2.0 line offering more storage space with upgraded functional design.

In response to the "stay-at-home" new normal, more relevant products were added to enrich our "home sportainment" portfolio, such as exercise bikes.

Due to cautious customer spending, more vigorous marketing and promotional efforts to whet their appetite focused particularly on social media. Festive and seasonal promotional packages were also offered – for example, during the UEFA European Football Championships, for launching the first O2O flower market over Chinese New Year, and to debut pre-consumption vouchers.

To bring more value-added benefits to customers and expand our reach and efficiency, we also collaborated with several industry players to increase our logistics and marketing exposure. Mindful that logistics efficiency is critical in winning the O2O battle, Pricerite partnered with Zeek, an innovative and "smart last-mile" logistics platform during the period to introduce a 4-hour express home delivery service. This not only greatly increases our order fulfillment capability, but also substantially improves delivery service in the home improvement market.

Pricerite was also the first home furnishing specialist to join the Atome payment platform, offering customers “buy now pay later” flexible payment. Along with a flexible interest-free payment option, this strengthens our O2O service, enabling customers aspiring for dream homes to access and afford quality products and services with convenience.

During the period, our commitment to developing our “New Retail” competence remains on course. To further augment our online and offline capability, we re-launched our mobile app, aligning the functions with our web and offline services. This represents an important move to integrate our online and offline customer experiences, offering them truly omni-channel benefits.

TMF

Growth strategy of TMF remained on course, enhancing customer-centric service and product offerings while raising brand awareness across various channels.

TMF opened a new shop in the new residential district of Lohas Park during the period. We also strengthened our offerings in furniture materials and products, such as kid’s furniture and cabinets that set living spaces apart.

With more customers in the “stay at home” economy, we envisage that demand for space management planning will mount. In response we will be introducing more products tailored for this “new normal”, while integrating our O2O operations to continuously enhance customer experience.

SECO

Responding to heightened awareness of personal wellbeing and home hygiene, our SECO brand further expanded its value-for-money brands and range during the period – including medical-grade masks, alcoholic hand-rubs, anti-bacterial insect repellent spray, and disinfecting and anti-bacterial spray.

SECO will continue to expand its store-in-store network within Pricerite shops, while at the same time introduce more value-for-money personal and home hygiene products to the market. SECO will also increasingly leverage social media to reach younger audiences.

Pricerite Food

Pricerite Food expanded its product range during the period, responding to growing preference for cooking at home. In addition to hand-picked food items and ingredients, we also added a suite of cooking utensils, appliances and accessories to enhance customer experience.

We also opened our first independent physical store in Sheung Shui during the period, offering a “one-stop-shop” O2O experience for customers enjoying home cooking.

A second independent physical store will be opened in the third quarter of this year, along with more shop-in-shops opening in Pricerite stores. With our logistics strengths, we believe our order and pick up / delivery services can be further enhanced to meet soaring demand.

Pricerite Pet

With rising popularity for keeping pets, we launched our first large-scale pet furniture series tailored for pet-lovers and their furry friends, featuring wear-resistant, scratch-resistant, water-proof, easy to clean, anti-static and easy hair-removal functions.

In the second half of the year, we will launch several shop-in-shops to offer our customers a truly O2O experience. We will also introduce more homeware, daily supplies and even pet-wear to our product portfolio.

Awards

Pricerite was honoured with the O2O Leading Role-model award by the Hong Kong O2O E-commerce Federation (HKOEF), in recognition of our excellent O2O performance during the pandemic.

Pricerite was also honoured as "QF Star Employer" by the Education Bureau, recognising our training and nurturing efforts in the application of Qualification Framework to enhance employees' competitiveness and promote long-term corporate development.

Despite the pandemic, Pricerite continued a commitment to corporate social responsibility in protecting the environment, once again awarded the Wastewi$e Certificate (Excellence Level) by the Environmental Campaign Committee, recognising our contribution to waste reduction.

Outlook

As the pandemic recedes in Hong Kong, a new "hybrid-workplace" lifestyle has evolved. Our customers are spending more time at home, both with work arrangements and socially. As this "stay-at-home" new normal develops along with the convenience and flexibility shoppers enjoy, people are paying more attention to home hygiene, home cooking and dining, home organising, working from home and home "sportainment".

These are all areas where Pricerite excels in offering customers unparalleled O2O experiences and product ranges.

With Hong Kong's improving vaccination rate and the rollout of government consumption vouchers, we are cautiously optimistic that long-repressed consumer sentiment will rebound in the second half of the year.

Pricerite Group's multi-brand strategy and solid foundation in O2O business positions us well to take advantage of this economic rebound. In response, we will continue strategic initiatives enhancing our "New Retail" business model, while adding value and versatility in our supply chain.

However, while Hong Kong takes some respite from the pandemic's worst chapter, scientists warn of emerging virus mutations and soaring infections worldwide, casting doubt on prospects for the fourth quarter of 2021, which is the traditional holiday shopping season.

With its cost leadership strategy, Pricerite will therefore continue to be cautious with spending, while remaining proactive in increasing our sales and marketing efforts.

Algo Trading Business – CAFG

During the first half of 2021, the market sentiment was positive as COVID-19 was generally under control, the economies in the developed countries were recovering, interest rates were low, and the expectation of more fiscal stimulus down the road.

Against this backdrop, the commodities traders benefited from the strong global goods demand and high trading volume. Our portfolio of futures trading recorded double-digit growth during the period.

On the other hand, the AUM of the fund business only remained steady as high-net-worth investors tended to diversify their investment capitals to other traditional assets such as real estate and stocks. We, therefore, continued to work closely with our partners to promote portfolio management services. Our goal is to expand the business scope from proprietary trading to asset management as a sustainable long-term growth strategy.

CFSG – The Group's Associated Company

Financial Services Business - CFSG

Industry Review

The Hong Kong economy recovered markedly in the first half of 2021, resuming an appreciable year-on-year real growth of 7.8%, ending six consecutive quarters of contraction. 2021 full-year real GDP growth forecast is 3.5% - 5.5% by the Hong Kong Government. The recovery was uneven, with exports of goods outperforming upon buoyant trade and production activities. Domestic demand has gradually recovered, but stayed relatively subdued. Economic recovery is expected to continue, premised on progress on COVID-19 vaccination and easing of pandemic restriction measures including border reopening. The unemployment rate was down from the cyclical peak of 7.2% in Dec 2020-Feb 2021 to 5.0% in May-Jul 2021 and is expected to edge down further should economic activities continue to revive.

The financial market and business environment have remained challenging amid the COVID-19 pandemic. The average daily turnover in Hong Kong's securities market during the first six months of 2021 was up by 60% over the same period in 2020, while funds raised through IPOs increased by 127%. The local stock market showed some volatility in the first half of the year, with the Hang Seng Index ("HSI") trading in a range of close to 4,000 points. The HSI ended the first half higher by 5.9% to 28,827 on 30 June 2021 compared with the end of 2020. Market sentiment weakened since the latter part of the first quarter, as China tightened its supervision of internet companies while an expectedly higher yield environment was seen as hurting business in general. Another bout of risk-off sentiment came in June, due to heightened concern over the growth outlook in the face of resurgence in COVID cases with virus variants. Despite growth concern, market expectation remains for the FED to start tapering its asset purchases, and then hike policy rate in 2023. The stock market shall stay volatile in the second half of the year.

Business Review

Despite Wall Street wrapping up the first half of 2021 at records highs, the HSI peaked in February with a sharp market correction and entered a consolidation period thereafter. With the easing of social-distancing measures and the increase in inoculation numbers, the HSI can potentially tick cautiously upwards during the remainder of the year.

During H1 2021, our brokerage business recorded a 11.3% decrease in commission, while our IPO interest income increased 42.7%. During the same period, Hong Kong IPOs raised record funds totalling HK$210 billion, a 127% increase from the first half of 2020. In light of societies gradually recovering from the pandemic and Chinese "homecoming" listings on the Hong Kong Stock Exchange, it is expected the momentum of IPO activities, especially for the new economy sector, will remain strong throughout the year. The Group will leverage the demand for IPO margin financing by promoting business friendliness to further increase our interest income.

Meanwhile, the pandemic fallout and low interest rate environment have favourably amplified interest in wealth management products and services, due to potentially higher investment yields and stronger preservation of assets. Our Asset under Management (AUM) rose 23.7% compared with the end of 2020, as we focused on leading blue chips and new economy stocks with visible and promising outlook for our clients.

In response to changing client interests, CFSG resolves to transforming into a full-fledged Wealth Management Advisory Group and provides "one-stop" wealth management services to clients in Hong Kong and Mainland China, with particular focus on the Greater Bay Area ("GBA") and Yangtze River Area. During the period, our wealth management business recorded a 131.3% increase compared to the first half of 2020.

With the expected launch of Wealth Management Connect, mainland's financial markets will be further opened up with deepening economic integration within the GBA. The scheme is expected to facilitate a total fund flow of 300 billion yuan with CFSG taking first-mover advantage to utilise our resources in our Shenzhen, Guangzhou and Dongguan offices to fully capitalise on this golden opportunity.

In view of the recovering securities market and increasing cross-border wealth management demand, we will launch two brand new CASH Wealth Management Customer Service Centers, in Hong Kong Island and the New Territories during the second half of 2021. The Service Centers will provide state-of-the-art premises at prime locations to better serve our wealth management clients and to improve our customers' experience. To further improve customer experience and to provide value to our clients, our Service Centers will also host a wide range of free educational seminars ranging from financial trends and market outlook to immigration knowledge and tips.

At the same time, CFSG is committed to a complete overhaul of its core trading application, Alpha i, which was launched back in 2018. The all-new and fully-enhanced trading application (Alpha i 2.0) will allow our clients to trade across multiple markets with real-time market data ranging from US stocks trading to grey market trading. By standardising and upgrading our front and back office trading systems, an improved and more consistent trading experience can be reached across our mobile app and web trading portal. Alpha i 2.0 will greatly improve our clients' user experience and further propel us into the era of financial digitalisation.

In light of vaccines availability upon the launch of a territory-wide COVID-19 Vaccination Programme by the Hong Kong Government, the Group has encouraged its staff members to get inoculated by offering incentives such as compensated and medical leaves, to mitigate business disruptive risks. It is in the Group's view as the vaccination rate goes higher, restrictions can be gradually lifted and eventually a higher degree of normalcy can be reached.

Outlook

Despite the lingering pandemic, the COVID-19 situation in Hong Kong is relatively manageable compared with most other places. With an improved vaccination rate, the government is planning to further ease COVID-19 quarantine restrictions and social-distancing measures. We are optimistic towards the prospect of continued economic recovery, with domestic activity and cross-border flows expected to return to normal levels in the near future.

After numerous local small to medium-sized brokerage firms have been either shut down or consolidated over the past two years, we anticipate the brokerage industry downsizing has finally come to an end. Looking ahead, the financial sector and the prospect of Hong Kong brokerage business will turn more promising against a more favourable economic and political environment as well as the ongoing recovery of the Hong Kong and mainland China economies. The evolution of China-US and China-EU relations may however add short-term uncertainties to the market outlook and the investment sentiment in the period ahead.

As a well-established and trusted Hong Kong brand in the financial services market, CFSG specialises in providing diverse and fully-fledged wealth management and advisory services, encompassing insurance products, brokerage, asset and wealth management solutions, business finance, MPF products and other corporate services to a wide and expanding clientele.

Strategically, we aim to optimise our branch network and enhance our customer service quality by investing in two new Wealth Management Customer Services Centres in HK Island and New Territories in Q4. These investments will further support our wealth management business, which provide investors with professional investment services better satisfying our clients' needs.

In addition, to raise CFSG brand exposure and Alpha-i 2.0 Mobile Trading Platform and App awareness, CFSG will kick-start a slew of digital and traditional promotion and marketing campaigns in the second half of 2021 to attract more investors to open accounts through their mobile devices.

The COVID-19 pandemic has accelerated a wave of digital transformation at an unprecedented pace with many companies switching to full digitalisation mode. This technology revolution in financial services is momentous. CFSG is committed to accelerating innovative technology enhancement in its cross-platform trading solution, such as upgrading the functionality and performance of its web trading platform and mobile trading app namely Alpha I. We aim to serve our customers efficiently & effectively and to optimise user fintech experience.

The tightening of listing requirements for foreign companies is speeding up the seconding listing of US-listed Chinese companies in the Hong Kong stock market. These listings help attract more fund inflow, while also bringing diversity and vibrancy to Hong Kong's capital markets, further reinforcing Hong Kong's role as a fundraising centre. With sustainably strong demand for IPO brokerage business, CFSG will strategically leverage IPO share subscriptions and margin financing to expand our Mainland clientele in order to boost relevant interest income amid a low global rate environment.

Riding on CFSG's well-established brand, award-winning services and unique wealth management products, we are confident that CFSG will emerge as a leading Hong Kong-based technology driven financial services company, specialising in wealth management and investment products in Hong Kong and Mainland China. We strive to deliver personalised and dedicated professional services to our clients with a holistic approach, helping them better plan wealth accumulation and preservation, while driving CFSG's sales and business growth.

EMPLOYEE INFORMATION

At 30 June 2021, the Group had 781 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the period under review was approximately HK$92.8 million.

Benefits

The Company and some of its subsidiaries provide employee benefits including mandatory provident fund scheme, medical insurance scheme, discretionary share options, performance bonus and sales commission for their staff. The Company also provides its employees in the PRC with medical and other subsidies, and contributes to the retirement benefit plans.

Training

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as product knowledge, customer service, selling techniques, presentation, communication, quality management, graduate development, and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the Securities and Futures Ordinance ("SFO"), to attend the requisite training courses to fulfill/comply with the continuous professional training as prescribed in the SFO.

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures and rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee's concerns; and by removing any potential barriers for job effectiveness and continuous learning.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2021, the interests or short positions of each director and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept under section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

A. The Company

Long positions in the ordinary shares of HK$0.20 each

Name	Capacity	Number of shares Personal	Number of shares Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	598,501	39,599,098*	49.79
Leung Siu Pong James	Beneficial owner	37,642	-	0.05
		636,143	39,599,098	49.84

* The shares were held by Cash Guardian Limited ("Cash Guardian") (which was 100% beneficially owned by Dr Kwan Pak Hoo Bankee ("Dr Kwan")). Dr Kwan was deemed to be interested in all these shares as a result of his interests in Cash Guardian as disclosed in the "Substantial shareholders" below.

B. Associated corporation (within the meaning of SFO)

CFSG

(a) Long positions in the ordinary shares of HK$0.40 each

Name	Capacity	Number of shares Personal	Number of shares Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	2,472,000	97,960,854*	38.45
Li Shing Wai Lewis	Beneficial owner	2,472,000	-	0.94
Kwan Teng Hin Jeffrey	Beneficial owner	2,472,000	-	0.94
		7,416,000	97,960,854	40.33

* The shares were held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company). The Company was beneficially owned as to approximately 49.79% by Dr Kwan, details of which were disclosed in the "Substantial shareholders" below. Pursuant to the SFO, Dr Kwan was deemed to be interested in all the shares held by CIGL in CFSG.

(b) Long positions in the underlying shares - options under share option scheme

Name	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	Number of options: outstanding as at 1 January 2021	lapsed during the period (Note (4))	exercised during the period (Note (5))	outstanding as at 30 June 2021	Percentage to issued shares as at 30 June 2021 (%)
Kwan Pak Hoo	29/3/2019	1/5/2019 – 30/4/2022	1.42	(1)to(3)	1,800,000	(450,000)	-	1,350,000	0.52
Bankee	29/4/2020	1/5/2020 – 30/4/2022	0.48	(2)	2,472,000	-	(2,472,000)	-	-
Li Shing Wai Lewis	29/3/2019	1/5/2019 – 30/4/2022	1.42	(1)to(3)	450,000	(112,500)	-	337,500	0.13
	29/4/2020	1/5/2020 – 30/4/2022	0.48	(2)	2,472,000	-	(2,472,000)	-	-
Leung Siu Pong James	29/4/2020	1/5/2020 – 30/4/2022	0.48	(2)	2,472,000	-	-	2,472,000	0.94
Kwan Teng Hin	29/3/2019	1/5/2019 – 30/4/2022	1.42	(1)to(3)	1,800,000	(450,000)	-	1,350,000	0.52
Jeffrey	29/4/2020	1/5/2020 – 30/4/2022	0.48	(2)	2,472,000	-	(2,472,000)	-	-
					13,938,000	(1,012,500)	(7,416,000)	5,509,500	2.11

Notes:

(1) The options are vested in 3 tranches as to 25% exercisable from 1 May 2019 to 30 April 2020, 25% exercisable from 1 May 2020 to 30 April 2021 and 50% exercisable from 1 May 2021 to 30 April 2022 respectively. Any option that is not vested before the expiry date of each tranche period shall lapse automatically.

(2) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the chairman of the board of CFSG ("CFSG Board") and/or the CFSG Board determined at their sole discretion.

(3) The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(4) The lapsed options were due to expiry of the options in accordance with the terms of the share options.

(5) During the period, the following options granted on 29 April 2020 held by directors of the Company were fully vested as approved by the CFSG Board and exercised:

Date of exercise	Number of options	Exercise prices per share (HK$)	Weighted average closing price of the shares immediately before the date of exercise (HK$)
17 June 2021	7,416,000	0.48	0.73

(6) No option was granted or cancelled during the period.

(7) The options were held by the directors of the Company in the capacity of beneficial owners.

Save as disclosed above, as at 30 June 2021, none of the directors, chief executives or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEMES

The Company

There was no outstanding share options to subscribe for shares in the Company was held by participants under the share option scheme of the Company during the six months ended 30 June 2021.

The associated company

CFSG

The share option scheme of CFSG ("CFSG Option Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of CFSG held on 8 June 2018.

Details of share options to subscribe for shares in CFSG granted to participants under the CFSG Option Scheme during the six months ended 30 June 2021 were as follows:

					Number of options			
Participants	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	outstanding as at 1 January 2021	lapsed during the period (Note (6))	exercised during the period (Note (7))	outstanding as at 30 June 2021
Directors								
	29/3/2019	1/5/2019 – 30/4/2022	1.42	(1)	4,050,000	(1,012,500)	-	3,037,500
	29/4/2020	1/5/2020 – 30/4/2022	0.48	(1)	9,888,000	-	(7,416,000)	2,472,000
					13,938,000	(1,012,500)	(7,416,000)	5,509,500
Employees and other grantees								
	29/3/2019	1/5/2019 – 30/4/2022	1.42	(2),(3)&(5)	8,724,000	(2,181,000)	-	6,543,000
	4/6/2019	4/6/2019 – 3/6/2022	1.04	(4)&(5)	2,790,000	-	-	2,790,000
	29/4/2020	1/5/2020 – 30/4/2022	0.48	(3)	8,664,000	-	(8,664,000)	-
	29/4/2020	1/5/2020 – 30/4/2022	0.48	(4)	4,944,000	-	(2,472,000)	2,472,000
					25,122,000	(2,181,000)	(11,136,000)	11,805,000
					39,060,000	(3,193,500)	(18,552,000)	17,314,500

Notes:

(1) Details of the options granted to the directors of the Company are set out in the section headed "Directors' interests in securities" above.

(2) The options are vested in 3 tranches as to 25% exercisable from 1 May 2019 to 30 April 2020, 25% exercisable from 1 May 2020 to 30 April 2021 and 50% exercisable from 1 May 2021 to 30 April 2022 respectively. Any option that is not vested before the expiry date of each tranche period shall lapse automatically.

(3) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion.

(4) The vesting of options is subject to the satisfactory delivery of services to members of the Group as approved by the chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion.

(5) The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(6) The lapsed options were due to expiry of the options in accordance with the terms of the share options.

(7) During the period, the following options granted on 29 April 2020 held by directors and participants of members of the Group were fully vested as approved by the CFSG Board and exercised:

Date of exercise	Number of options	Exercise prices per share (HK$)	Weighted average closing price of the shares immediately before the date of exercise (HK$)
17 May 2021	11,136,000	0.48	0.70
17 June 2021	7,416,000	0.48	0.73
Total	18,552,000		

(8) No option was granted or cancelled during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, so far as is known to the directors and chief executives of the Company, the persons/companies (other than a director or chief executive of the Company) who had, or were deemed or taken to have an interest or short positions in the shares or underlying shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	Capacity	Number of shares	Shareholding (%)
Hobart Assets Limited (Notes (1) and (2))	Interest in a controlled corporation	39,599,098	49.05
Cash Guardian (Notes (1) and (2))	Interest in a controlled corporation	39,599,098	49.05
Mr Wang Shui Ming (Note (3))	Beneficial owner, interest in a controlled corporation and other interest	4,110,245	5.09

Notes:

(1) This refers to the same number of shares held by Cash Guardian, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan. Pursuant to the SFO, Dr Kwan and Hobart Assets Limited were deemed to be interested in the shares held by Cash Guardian.

(2) Dr Kwan (a director whose interests are not shown in the above table) was interested and/or deemed be interested in a total of 40,197,599 shares (49.79%), which were held as to 39,599,098 shares by Cash Guardian and as to 598,501 shares in his personal name. Detail of his interest is set out in the section “Directors’ interests in securities” above.

(3) The shareholding interest of Mr Wang Shui Ming was based on the notice dated 7 September 2020 (filed by him on 9 September 2020) pursuant to Divisions 2 and 3 of Part XV of the SFO after adjusting the number of shares held by him due to the 20-to-1 share consolidation of the Company which took effect on 7 September 2020. Based on the said notice filed by Mr Wang Shui Ming, the Shares were held as to 1,022,061 in his personal name, as to 2,223,607 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang Shui Ming), and 864,577 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang Shui Ming was deemed to be interested in all these shares.

Save as disclosed above, as at 30 June 2021, the directors and chief executives of the Company were not aware of any other parties or corporation (other than a director or chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in the shares or underlying shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

CORPORATE GOVERNANCE

During the accounting period from 1 January 2021 to 30 June 2021, the Company had duly complied with the code provisions of the Corporate Governance Code as contained in Appendix 14 of the Listing Rules, except for the deviations summarised as follows:

(i) The Company does not have a nomination committee as provided for in code provision A.5.1 as its function has been performed by the Board as a whole. The Board under the leadership of the Chairman is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the directors; and

(ii) Dr Kwan (Chairman of the Board) also acted as CEO of the Company during the underlying period. According to code provision A.2.1, the roles of Chairman and CEO of the Company should be separate. The dual role of Dr Kwan provides a strong and consistent leadership to the Board and is critical for efficient business planning and decisions of the Group. The respective CEOs of each business units of the Group assisted Dr Kwan in performing the CEO's responsibilities. The balance of power and authorities is also ensured by the operation of the Board and the senior management, which comprise experienced and high calibre individuals.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by directors as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard of dealings set out therein throughout the review period.

DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

There are no changes to the directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF RESULTS

The Group's unaudited consolidated results for the six months ended 30 June 2021 have not been reviewed by the auditors of the Company, but have been reviewed by the audit committee of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2021, neither our Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board
Bankee P. Kwan
Chairman & CEO

Hong Kong, 30 August 2021

As at the date hereof, the directors of the Company are:-

Executive directors:

Dr Kwan Pak Hoo Bankee, JP
Mr Li Shing Wai Lewis
Mr Leung Siu Pong James
Mr Kwan Teng Hin Jeffrey

Independent non-executive directors:

Mr Leung Ka Kui Johnny
Mr Wong Chuk Yan
Dr Chan Hak Sin

* *For identification purpose only*